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§ CRIMINAL NO: EP-15-CR-

§  
§ SEALED  
§ INDICTMENT

§  
§ **CT 1:** 18 U.S.C. § 371 – Conspiracy to  
§ Defraud the United States.  
§ **CTS 2-22:** 26 U.S.C § 7206(2) – Aid and  
§ Assist the Preparation of a False Tax Return

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**EP15 CR0416**

**COUNT ONE**  
(18 U.S.C. § 371)

From on or about February 9, 2009, and continuing thereafter up to and including on or about June 6, 2011, in the Western District of Texas and elsewhere, the defendants,

**DENISE DUCHENE (3),**

defendants herein, did unlawfully, voluntarily, intentionally and knowingly conspire, combine, confederate, and agree together and with each other and with other individuals both known and unknown to the Grand Jury to commit offenses against the United States: to wit, to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment, and collection of revenue: to wit, income taxes.

### ***PARTIES, PERSONS AND ENTITIES***

At all relevant times,

1. [REDACTED] was the owner of Mendez Tax Services (MTS), a tax preparation Business, located in El Paso, TX, within the Western District of Texas, during the calendar years of 2008, 2009, 2010 and 2011.
2. MTS was located in [REDACTED] [REDACTED] home during the timeframe of this Indictment.
3. [REDACTED] was an employee who prepared tax returns for taxpayers who sought the services of MTS, for tax years 2008, 2009, and 2010.
4. Denise Duchene was an employee who prepared tax returns for taxpayers who sought the services of MTS, for tax years 2008, 2009, and 2010.
5. [REDACTED] was an employee who prepared tax returns for taxpayers who sought the services of MTS, for tax years 2008, 2009, and 2010.

### ***MANNER AND MEANS BY WHICH THE CONSPIRACY WAS CARRIED OUT***

The manner and means by which the conspiracy was sought to be accomplished through dishonesty, craft and trickery included, among others, the following:

1. By preparing Forms 1040, U.S. Individual (and two joint) Income Tax Return(s), which contained false items, including false line items on Form 1040, false itemized deductions shown on Schedule A, Itemized Deductions, and false business income and expenses on Schedule C, Profit or Loss from a Business.
2. By filing tax returns prepared at MTS using [REDACTED] Preparer Tax Identification Number (PTIN), a number issued by the IRS to paid tax return preparers, even if [REDACTED] did not prepare the return and said return was prepared by either [REDACTED] DUCHENE, or [REDACTED]

3. To file income tax returns on behalf of its clients, MTS used “CrossLink 1040” professional tax software solution for high-volume tax businesses.

4. Defendants, [REDACTED] [REDACTED] **DENISE DUCHENE** and [REDACTED] [REDACTED] were all employees who prepared tax returns at MTS for tax years 2008, 2009, and 2010.

5. [REDACTED] [REDACTED] **DUCHENE** and [REDACTED] are related to one another.

6. [REDACTED] [REDACTED] **DUCHENE** and [REDACTED] all lived and worked within the Western District of Texas.

7. Clients of MTS reported that [REDACTED] [REDACTED] **DUCHENE** and [REDACTED] prepared returns with (1) false and inflated unreimbursed employee business expenses on Schedules A *Itemized Deductions*, and (2) false Schedules C *Profit or Loss from Business*, and (3) false and inflated child and dependent care expenses on Form 2441 *Child and Dependent Care Expenses*, and (4) false and inflated education credits on Form 8863 *Education Credits (American Opportunity, Hope, and Lifetime Learning Credits)*, and (5) false Form 1040 dependents/personal exemptions, and (6) false Form 1040 filing statuses. Often these false line items resulted in a higher EIC for the client.

8. An Earned Income Credit (“EIC”): Refundable tax credit for eligible people who work and have income less than specified amounts. The amount of the credit is based on income, filing status, and the number of qualifying children. It is beneficial to taxpayers because it does not only reduce the amount of taxes owed, but it is refundable in the form of a tax refund after filing an individual income tax return, even if no taxes are owed.

9. Electronic Filing Identification Number (“EFIN”) is a number issued by the IRS to individuals or firms that have been approved as authorized IRS e-file providers. It is included with all electronic return data transmitted to the IRS. There is no fee for an EFIN.

10. A client of MTS reported that [REDACTED] stated that she would fabricate figures on the tax return for an additional fee, while a different client explained that [REDACTED] took a portion of their refund that was generated by a false Schedule C. During the timeframe of this Indictment, MTS utilized an EFIN.

11. [REDACTED] [REDACTED] DUCHENE and [REDACTED] all used the figure of \$2,400 as education expenses when inflating the amount of credit that their clients were entitled to receive.

### **Overt Acts**

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the Western District of Texas, and elsewhere:

1. In 2009, 2010 and 2011, [REDACTED] instructed [REDACTED] DUCHENE and [REDACTED] to prepare tax returns containing inflated or fabricated figures.
2. In 2009, 2010 and 2011, [REDACTED] would assist [REDACTED] DUCHENE and [REDACTED] to prepare their clients' returns with false items.
3. In 2009, 2010 and 2011, [REDACTED] [REDACTED] DUCHENE and [REDACTED] used the same false line items from client to client i.e. false or inflated education credits, false or inflated Schedules C.
4. Beginning in the 2011 filing season, [REDACTED] allowed [REDACTED] DUCHENE and [REDACTED] to prepare tax returns reporting [REDACTED] PTIN.
5. All tax returns were filed using [REDACTED] EFIN.
6. On or about February 17, 2009, [REDACTED] prepared a 2008 Form 1040, U.S. Individual Income Tax Return, for M.E.R.
7. On or about February 17, 2009, [REDACTED] falsified Line 21 Schedule A Unreimbursed Employee Business Expenses of M.E.R.

8. On or about February 22, 2010, [REDACTED] prepared a 2009 Form 1040, U.S. Individual Income Tax Return, for M.E.R.
9. On or about February 22, 2010, [REDACTED] falsified Line 21 Schedule A Unreimbursed Employee Business Expenses of M.E.R.
10. On or about March 14, 2011, [REDACTED] prepared a 2010 Form 1040, U.S. Individual Income Tax Return, for M.E.R.
11. On or about March 14, 2011, [REDACTED] falsified Line 21 Schedule A Unreimbursed Employee Business Expenses of M.E.R.
12. On or about February 23, 2009, [REDACTED] prepared a 2008 Form 1040, U.S. Individual Income Tax Return, for S.O.
13. On or about February 23, 2009, [REDACTED] falsified Line 50, Education Credits of S.O.'s Form 1040, U.S. Individual Income Tax Return.
14. On or about April 12, 2010, **DUCHENE** prepared a 2009 Form 1040, U.S. Individual Income Tax Return, for C.D.
15. On or about April 12, 2010, **DUCHENE** falsified Line 21 Schedule A Unreimbursed Employee Business Expenses of C.D.'s Form 1040, U.S. Individual Income Tax Return.
16. On or about February 25, 2011, [REDACTED] prepared a 2010 Form 1040, U.S. Individual Income Tax Return, for S.O.
17. On or about February 25, 2011, [REDACTED] falsified Line 50, Education Credits of S.O.'s Form 1040, U.S. Individual Income Tax Return
18. On or about March 14, 2011, [REDACTED] prepared a 2010 Form 1040, U.S. Individual Income Tax Return, for C.D.

19. On or about March 14, 2011 [REDACTED] falsified Line 21 Schedule A Unreimbursed Employee Business Expenses of C.D.'s Form 1040, U.S. Individual Income Tax Return.

All in violation of Title 18, United States Code, Section 371.

**COUNTS TWO through SEVEN**  
(26 .S.C. § 7206(2))

1. The Parties, Persons and Entities, Manner and Means of the Scheme to Defraud and Overt Acts as alleged previously in this indictment are incorporated by reference herein as if fully set out.

2. Beginning on a date unknown to the Grand Jury, but no earlier than on or about February 9, 2009, and continuing until and including, on or about March 14, 2011, in the Western District of Texas, and elsewhere, the defendant,

[REDACTED]

on or about the dates described below, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of U.S. Individual Income Tax Returns, Forms 1040 and accompanying schedules, either individual or joint, for the taxpayers and calendar years hereinafter specified and the returns were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the Internal Revenue laws to claim deductions and credits for items and in amounts hereinafter specified, whereas, as the defendant then and there knew, the taxpayers were not entitled to claim deductions in the claimed amounts;

| <b>Count</b> | <b>Date Taxes Due/Date Taxes Filed</b> | <b>Taxpayer(s)</b> | <b>Calendar Tax Year</b> | <b>Falsely Claimed Item(s)</b>                                     | <b>Inflated Amount Claimed</b> |
|--------------|--|--------------------|--------------------------|--|--------------------------------|
| <b>Two</b>   | April 15, 2009<br>February 9, 2009     | M.G.               | 2008                     | Form 1040, # 50 (Ed. Credit)                                       | \$158                          |
| <b>Three</b> | April 15, 2009<br>February 9, 2009     | A.G.               | 2008                     | Form 1040, 64a (Earned Income Credit)                              | \$4,824                        |
| <b>Four</b>  | April 15, 2009<br>February 17, 2009    | M.E.R.             | 2008                     | Schedule A, #21 (Unreim. Emp. Exp.)                                | \$3,532                        |
| <b>Five</b>  | April 15, 2009<br>February 23, 2009    | S.O.               | 2008                     | Schedule A #21 (Unreim. Emp. Exp.)<br>Form 1040 #50 (Ed. Credit)   | \$8,080<br>\$1,800             |
| <b>Six</b>   | April 15, 2010<br>February 15, 2010    | A.G.               | 2009                     | Form 1040 #64a (Earned Income Credit)<br>#40a (Standard Deduction) | \$4,750<br>\$2,650             |
| <b>Seven</b> | April 18, 2011<br>March 14, 2011       | M.G.               | 2010                     | Form 1040 #49 (Ed. Credit)<br>#66 (Am. Opp. Credit)                | \$1,260<br>\$840               |

All in violation of Title 26, United States Code, Section 7206(2).

**COUNTS EIGHT through FIFTEEN**  
(26 .S.C. § 7206(2))

1. The Parties, Persons and Entities, Manner and Means of the Scheme to Defraud and Overt Acts as alleged previously in this indictment are incorporated by reference herein as if fully set out.

2. Beginning on a date unknown to the Grand Jury, but no earlier than on or about February 22, 2010, and continuing until and including, on or about June 6, 2011, in the Western District of Texas, and elsewhere, the defendant,

[REDACTED]

on or about the dates described below, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of U.S. Individual Income Tax Returns, Forms 1040 and accompanying schedules, either individual or joint, for the taxpayers and calendar years hereinafter specified and the returns were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the Internal Revenue laws to claim deductions and credits for items and in amounts hereinafter specified, whereas, as the defendant then and there knew, the taxpayers were not entitled to claim deductions in the claimed amounts;

| Count        | Date Taxes Due/Date Taxes Filed | Taxpayer(s) | Calendar Tax Year | Falsely Claimed Item(s)                | Inflated Amount Claimed |
|--------------|---------------------------------|-------------|-------------------|--|-------------------------|
| <b>Eight</b> | April 15, 2010                  | C.P.        | 2009              | Form 1040 #64a (Earned Income Credit), | \$2,235                 |
|              | February 22, 2010               |             |                   | #12 (Bus. Income)                      | \$7,600                 |
|              |                                 |             |                   | #65 (Additional Child Tax Credit)      | \$962                   |
|              |                                 |             |                   | # 63 (Making Work Pay Credit)          | \$228                   |
| <b>Nine</b>  | April 15, 2010                  | L.L.D.      | 2009              | Form 1040 #64a (Earned Income Credit)  | \$1,727                 |
|              | May 10, 2010                    |             |                   | #12 (Bus. Income)                      | \$5,050                 |
|              |                                 |             |                   | #65 (Add.                              | \$704                   |



|                   |                                     |        |      |  |  |
|-------------------|-------------------------------------|--------|------|--|--|
| <b>Nine cont.</b> |                                     |        |      | Child Tax Credit)<br>#40a (Standard Deduction)<br>#42(Exempt.)   | \$2,650<br>\$3,650                         |
| <b>Ten</b>        | April 18, 2011<br>February 14, 2011 | C.R.   | 2010 | Form 1040 #64a (Earned Income Credit)<br>#49 (Ed. Credit)<br>#66 (Am. Opp. Credit)<br>#40 (Standard Deduction)                     | \$545<br>\$1,260<br>\$840<br>\$2,700       |
| <b>Eleven</b>     | April 18, 2011<br>February 25, 2011 | S.O.   | 2010 | Form 1040 #49 (Ed. Credit)<br>#66 (Am. Opp. Credit)  | \$1,260<br>\$840                           |
| <b>Twelve</b>     | April 18, 2011<br>March 14, 2011    | C.D.   | 2010 | Schedule A #21 (Unreim. Em. Expenses)<br><br>#1 (Med./Dental Exp.)<br>Form 1040 #49 (Ed. Credit)<br>Form 1040 #66(Am. Opp. Credit) | \$2,000<br><br>\$2,200<br>\$1,260<br>\$840 |
| <b>Thirteen</b>   | April 18, 2011<br>April 4, 2011     | A.R.   | 2010 | Schedule A #21 (Unreim. Emp. Exp.)<br>#1 (Med./Dental Exp.)<br>Form 1040 #49 (Ed. Credit)<br>#66 (Am. Opp. Credit)                 | \$3,106<br>\$3,020<br>\$1,260<br>\$840     |
| <b>Fourteen</b>   | April 18, 2011<br>April 18, 2011    | L.L.D. | 2010 | Form 1040 #64a (Earned Income Credit)<br>#12 (Bus.   | \$5,565<br>\$14,040                        |

|                                     |                |             |      |   |   |
|-------------------------------------|----------------|-------------|------|---|---|
| <b>Fourteen</b><br><br><b>cont.</b> |                |             |      | Income)<br>#65 (Add.<br>Child Credit)<br>#63 (Making<br>Work Pay<br>Credit)<br>#66 (Am. Opp.<br>Credit)<br>#40 (Standard<br>Deduction)<br>#42<br>(Exemptions) | \$1,543<br><br>\$364<br><br>\$840<br>\$2,700<br>\$3,650 |
|                                     |                |             |      |   |   |
|                                     |                |             |      |   |   |
|                                     |                |             |      |   |   |
|                                     |                |             |      |   |   |
| <b>Fifteen</b>                      | April 18, 2011 | S.O. & L.O. | 2010 | Schedule A #21<br>(Unreim. Emp.<br>Exp.)  | \$6,766   |
|                                     | June 6, 2011   |             |      | Form 1040 #49<br>(Ed. Credits)  | \$2,520   |
|                                     |                |             |      | #66 (Am. Opp.<br>Credit)  | \$1,680   |

All in violation of Title 26, United States Code, Section 7206(2).

**COUNTS SIXTEEN through TWENTY**  
(26 .S.C. § 7206(2))

1. The Parties, Persons and Entities, Manner and Means of the Scheme to Defraud and Overt Acts as alleged previously in this indictment are incorporated by reference herein as if fully set out.

2. Beginning on a date unknown to the Grand Jury, but no earlier than on or about April 12, 2010, and continuing until and including, on or about March 21, 2011, in the Western District of Texas, and elsewhere, the defendant,

**DENISE DUCHENE (3),**

on or about the dates described below, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of U.S. Individual Income Tax Returns, Forms 1040 and accompanying schedules, either individual or joint, for the taxpayers and calendar years hereinafter specified and the returns were false and fraudulent as to

material matters, in that they represented that the taxpayers were entitled under the provisions of the Internal Revenue laws to claim deductions and credits for items and in amounts hereinafter specified, whereas, as the defendant then and there knew, the taxpayers were not entitled to claim deductions in the claimed amounts;

| <b>Count</b>     | <b>Date Taxes Due/Date Taxes Filed</b> | <b>Taxpayer(s)</b> | <b>Calendar Tax Year</b> | <b>Falsely Claimed Item(s)</b>   | <b>Inflated Amount Claimed</b>       |
|------------------|--|--------------------|--------------------------|--|--------------------------------------|
| <b>Sixteen</b>   | April 15, 2010<br>April 12, 2010       | C.D.               | 2009                     | Schedule A #21 (Unreim. Emp. Exp.)<br>Form 1040 #12 (Bus. Income)  | \$2,000<br>\$2,050 (understated)     |
| <b>Seventeen</b> | April 15, 2010<br>May 3, 2010          | S.O. & L.O.        | 2009                     | Schedule A #21 (Unreim. Emp. Exp.)   | \$7,066                              |
| <b>Eighteen</b>  | April 18, 2011<br>February 7, 2011     | D.C.               | 2010                     | Form 1040 #49 (Ed. Credit)<br>#66 (Am. Opp. Credit)  | \$1,260<br>\$840                     |
| <b>Nineteen</b>  | April 18, 2011<br>March 7, 2011        | R.R.               | 2010                     | Form 1040 #49 (Ed. Credit)<br>#66 (Am. Opp. Credit)  | \$900<br>\$600                       |
| <b>Twenty</b>    | April 18, 2011<br>March 21, 2011       | M.T.               | 2010                     | Form 1040 #64a (Earned Inc. Credit)<br>#49 (Ed. Credit)<br>#66 (Am. Opp. Credit)<br>#40 (Stand. Deduction) | \$497<br>\$1,260<br>\$840<br>\$2,700 |

All in violation of Title 26, United States Code, Section 7206(2).

**COUNTS TWENTY-ONE and TWENTY-TWO**  
(26 .S.C. § 7206(2))

1. The Parties, Persons and Entities, Manner and Means of the Scheme to Defraud and Overt Acts as alleged previously in this indictment are incorporated by reference herein as if fully set out.

2. Beginning on a date unknown to the Grand Jury, but no earlier than on or about February 22, 2010, and continuing until and including, on or about March 14, 2011, in the Western District of Texas, and elsewhere, the defendant,

[REDACTED]

on or about the dates described below, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of U.S. Individual Income Tax Returns, Forms 1040 and accompanying schedules, either individual or joint, for the taxpayers and calendar years hereinafter specified and the returns were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the Internal Revenue laws to claim deductions and credits for items and in amounts hereinafter specified, whereas, as the defendant then and there knew, the taxpayers were not entitled to claim deductions in the claimed amounts;

| Count      | Date Taxes Due/Date Taxes Filed      | Taxpayer(s) | Calendar Tax Year | Falsely Claimed Item(s)            | Inflated Amount Claimed |
|------------|--------------------------------------|-------------|-------------------|------------------------------------|-------------------------|
| Twenty-One | April 15, 2010                       | M.E.R       | 2009              | Schedule A #21 (Unreim. Emp. Exp.) | \$4,145                 |
|            | #1 (Med./Dental Exp.)                |             |                   | \$1,490                            |                         |
|            | Form 1040 #49 (Ed. Credit) #66 (Ref. |             |                   | \$875                              |                         |

|                     |                |        |      |   |         |
|---------------------|----------------|--------|------|---|---------|
| Twenty-One<br>cont. |                |        |      | Ed. Credit)                                 | \$583   |
| Twenty-Two          | April 18, 2011 | M.E.R. | 2010 | Schedule A<br>#21<br>(Unreim.<br>Emp. Exp.) | \$4,435 |
|                     | March 14, 2011 |        |      | #1<br>(Med./Dental<br>Exp.)                 | \$3,540 |
|                     |                |        |      | Form 1040<br>#49 (Ed.<br>Credit)            | \$1,260 |
|                     |                |        |      | #66 (Am.<br>Opp. Credit)                    | \$840   |

All in violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL  
**ORIGINAL SIGNATURE**  
**REDACTED PURSUANT TO**  
**E-GOVERNMENT ACT OF 2002**

FOREPERSON OF THE GRAND JURY

RICHARD L. DURBIN, JR.  
 ACTING UNITED STATES ATTORNEY

BY:

  
 Assistant U.S. Attorney